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Financial reports and audited financial statements, and reports of the Board of Auditors: United Nations Office for Project Services

Implementation of the recommendations of the Board of Auditors on the financial statements of the United Nations Office for Project Services for the financial period ended 31 December 2005

Report of the Secretary-General

Addendum

Summary

The Secretary-General has the honour to transmit to the General Assembly, in accordance with resolution 48/216 B, the response of the executive head of the United Nations Office for Project Services on the implementation of the recommendations contained in the report of the Board of Auditors on the financial report and audited financial statements of the United Nations Office for Project Services for the biennium ended 31 December 2005.

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I. Introduction

1. The present report is submitted to the General Assembly in accordance with the provisions of paragraph 7 of resolution 48/216 B of 23 December 1993, whereby the Assembly requested the executive heads of the United Nations funds and programmes, at the same time as the recommendations of the Board of Auditors were submitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, to provide their responses to the Assembly and to indicate measures that would be taken to implement those recommendations, with appropriate timetables.

2. The report also takes into consideration resolution 60/234, by which the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to include in future reports on the implementation of the recommendations of the Board of Auditors information on the setting of time frames, the identification of office holders and priorities for the implementation of the recommendations of the Board. The annex to the present report therefore details the status of each recommendation made by the Board in its report as well as the time frames for implementation and the office holders responsible. In this connection, the provision of General Assembly resolution 52/212 B regarding accountability for the implementation of the recommendations of the Board of Auditors, that officers should be at the level of programme manager or department head, as appropriate, has been taken into account.

3. With regard to prioritization, it is noted that the Board categorizes the most important recommendations as "main" recommendations. While all accepted recommendations of the Board will be implemented in a timely manner, the main recommendations will be considered of the highest priority.

II. Summary response of the United Nations Office for Project Services to the Board of Auditors

A. Background

4. As a self-financing service provider to the United Nations system and other donor organizations, the UNOPS management adheres to its mandate and is working to implement systems to ensure that it reaches its goal of becoming a world-class organization. In so doing, the UNOPS management appreciates the requirement that the organization remain efficient, nimble and flexible in order to respond to the needs of its clients, which can rapidly expand or contract according to world events. UNOPS must maintain sound internal control systems and ensure that its financial house is in order, managing itself as an efficient business from the top of the organization to the ground floor, including its bottom line and operational reserve.

5. The recommendations highlighted in the report of the Board of Auditors for the biennium 2004-2005[1] have provided UNOPS management with an outline for improving its internal controls and financial systems. The UNOPS management is pleased to respond with specific responses to those recommendations. Furthermore,

[1] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5J* (A/61/5/Add.10), chap. II.

the report reflects major improvements made during the biennium ended 31 December 2005, when compared with the report of the Board of Auditors for the biennium ended 31 December 2003.[2] While there remains one qualification with respect to the UNOPS inter-fund balance with the United Nations Development Programme (UNDP), there are no disclaimers for the biennium 2004-2005. This reflects significant positive steps forward, but much remains to be completed in the current biennium. The members of the UNOPS senior management team, most of whom are newly appointed, are committed to improving the financial systems of the organization to ensure that the organization is financially sound and is operated as an efficient provider of top-quality services. The biennium 2006-2007 required investment in infrastructure to address the problems experienced in prior years and ensure that fundamental systemic operational flaws are fixed at the core.

B. Investing in the future of the United Nations Office for Project Services

6. During the first 18 months of the current biennium, UNOPS focused sharply on cleaning up internal weaknesses while simultaneously investing in an improved infrastructure to ensure that UNOPS remains a productive going concern over the long term. While this was a daunting task, significant fundamental initiatives are well under way. The benefits of the investments are being realized, and improvements shall be visible and measurable before the close of the biennium ending 31 December 2007.

7. Major initiatives undertaken during the current biennium are summarized in paragraphs 8-17 below.

8. *New senior management team.* In mid-2006, a new Executive Director and Deputy Director joined UNOPS and immediately began building a new senior management team comprising several new regional directors, a Director for Organizational Effectiveness and Human Resources and a new Director of Finance. The members of the senior management team in turn strengthened each of their teams, by hiring key people to help the organization improve and move rapidly towards achieving its goals.

9. *Relocation of headquarters office.* UNOPS successfully moved its corporate headquarters from New York City to Copenhagen. The major part of the move occurred during the second half of 2006, and the Finance Office moved in early 2007. Tangible benefits, such as lower overall operating costs and more convenient and efficient travel to the office's client locations, will be realized over the longer term. UNOPS is also strengthened by the intangible benefits of entering this new phase with a new location for the largely new team, with a fresh new start and an evident boost to morale and teamwork environment.

10. *Financial clean-up.* The new senior management team took seriously its goal of cleaning up accounting problems, many dating back several years, and moving forward with a blank slate. Taking into consideration the audit and internal control weaknesses that were highlighted by the Board of Auditors in its report for the biennium 2002-2003, UNOPS undertook a massive accounting cleansing exercise during the second half of 2006, retrieving and correcting accounting information

[2] Ibid., *Fifty-ninth Session, Supplement No. 5J* (A/59/5/Add.10), chap. II.

from prior years. UNOPS employed a major accounting firm during that time to assist with reconciliations of major problem accounts, including the inter-fund account with UNDP. All in all, UNOPS invested approximately $2 million towards the clean-up effort, inclusive of costs paid for external assistance. That comprehensive process helped UNOPS prepare more effectively for the audit by the Board of Auditors for the biennium 2004-2005, and positioned the organization to improve systems and strengthen internal controls during the biennium 2006-2007.

11. *Organizational restructuring*. During 2006, the UNOPS senior management team reorganized primary headquarters functions to ensure: (a) a more effective workflow and operational efficiency; and (b) the strengthening of corporate internal controls and risk mitigation. Specifically, the headquarters infrastructure now consists of the Executive Office, the Corporate Controls Centre, the Global Services Centre, and the Organizational Effectiveness Centre. The Executive Office comprises the Executive Director, the Deputy Executive Director and the communications function. The Corporate Controls Centre comprises the Director of Finance and team, the General Counsel, the Head of Security and the Head of Audit. Together, that team serves the Executive Office and UNOPS in maintaining strong internal controls, managing organizational risks and ensuring compliance with regulations. The Global Services Centre functions as an internal transactional service provider, inclusive of information technology, recruitment, benefits and entitlement administration, procurement and other transactional activities that benefit the broader organization of the Office. The Organizational Effectiveness Centre supports and manages the development and improvement of the internal business processes and policy implementation that form the backbone of the UNOPS infrastructure. Moreover, the Centre focuses on the corporate business strategy of the Office and leads the organization in setting its business development objectives. Together the three centres form an integrated team that helps the Executive Office and the regional offices manage their business operations and ensure that the organization continues to achieve its financial, strategic and compliance-related goals.

12. *Investment in a professional-level finance team*. In 2007, UNOPS aggressively recruited and hired senior finance professionals to manage its accounting and finance functions worldwide. The majority of the finance positions in the UNOPS headquarters were abolished, and positions were upgraded and aligned with the organization's goal to become a world-class service provider at every level. The new Director of Finance, who joined UNOPS in early 2007, has nearly completed staffing a largely new finance team at headquarters in Copenhagen and within the regional and country offices of the organization. The structure of the new team is designed to accomplish several major objectives, such as: (a) accountants with high-level, broader and more relevant skills will be recruited to manage the finance function rather than provide clerical accounting services; (b) clear lines of authority within the finance structure will be formulated in order to ensure efficiency and strong internal controls (regional finance officers report directly to the Comptroller at headquarters while providing financial support services in the field); (c) policy development, regulatory compliance and financial oversight will be centralized within a small team of senior international staff in headquarters; and (d) transactional activity and hands-on accounting within the Atlas system will be decentralized at the point of transaction in the field offices, the staff of which will comprise a senior international staff person, such as the regional finance officer, and

an increased number of skilled national finance officers performing tasks in country offices. Overall, the result is a modest increase in cost invested in the finance infrastructure with a significant increase in the quality of headquarters staff as well as in the quantity and quality of the many finance officers in the regional and country offices.

13. *Decentralization of functional accounting activity*. The great majority of UNOPS transactions occur in regional and country offices. Historically those costs were ultimately recorded at UNOPS headquarters after a significant delay. For instance, cash for most transactions through the imprest accounts in offices at the project level was disbursed in the field, but later recorded in the Atlas system by a team of clerical staff at headquarters. That process was inefficient, lacked proper data integrity and internal control oversight, and resulted in delayed and partially inaccurate client reporting. The UNOPS finance team is decentralizing this process almost in its entirety during 2007, requiring that transactional activity in the field fully utilize the Atlas accounting system at all sites where it is feasible. This will provide internal controls at the point of the transaction and ensure that data is entered in a timely manner. The end result will be faster, cleaner financial reporting to our clients and a major improvement in internal controls at the regional and country levels. The finance team has endeavoured to eliminate 80 per cent of the 2005-2006 level of imprest accounting activity by the close of the biennium 2006-2007. It is anticipated that 20 per cent of transactions will still require the use of imprest accounts owing to logistical or connectivity constraints. Further, client reporting will also eventually be produced in the regional headquarters offices to enable the finance team to coordinate closely with clients. Those objectives require UNOPS-wide Atlas training for finance professionals and the optimization of business processes throughout the organization, all of which is under way in 2007.

14. *Internal audit function*. In 2007, UNOPS formed an internal audit function, which was led by the Head of Audit and supported by a team of internal auditors. That function had previously been outsourced to a team of dedicated auditors at UNDP. The change to an internal audit approach reflects the maturation of UNOPS as an organization and addresses the need to provide enhanced audit services within the organization, including more frequent project and regional office audits and more robust internal compliance reviews throughout the organization. The members of the internal audit team are UNOPS staff who will be a more visible and accessible presence, resulting in increased awareness of the compliance function and regulatory requirements on the part of the staff of the organization. The Head of Audit reports directly to the Executive Director and plays a key role in the Corporate Controls Centre.

15. *Audit and advisory committee*. The Executive Office and the leaders within the Corporate Controls Centre have created a charter and are actively recruiting members for the audit and advisory committee which will soon be formed. The committee is expected to become active in September 2007. Comprising a membership that is 100 per cent external, the committee will provide guidance and oversight of the UNOPS audit function and ensure that the organization employs sound risk management practices. The committee will meet at least once every quarter and will monitor the timely completion of the compliance objectives set by the Executive Director and United Nations regulatory requirements, such as implementation of the International Public Sector Accounting Standards.

16. *Implementation of sound business practices.* During the biennium 2006-2007, UNOPS senior management has been updating and implementing best practices at all levels within the organization in order to improve efficiency, oversight and sound project management. Examples include: (a) a new pricing policy that will ensure full cost recovery on client engagements, maintain a competitive position in the UNOPS marketplace and replenish the operational reserve in a reasonable time frame; (b) the strengthening and streamlining of internal committees, such as the assignment and promotions board (recruitment oversight) and the procurement approval committees; (c) induction training programmes for new core staff; (d) installation of business processes to optimize the Atlas system as the nucleus of the UNOPS business transactional and reporting activities; (e) readiness for the International Public Sector Accounting Standards and participation in cross-agency implementation working groups; (f) the updating and upgrading of UNOPS internal control framework and policies and procedures manuals for procurement and key finance processes; (g) the use of formal staff attitude surveys to ensure that the senior management of UNOPS is aware of what staff consider to be the underlying attributes for success; and (h) the creation of a business culture in which the UNOPS mandate as an efficient, self-financing service provider is constantly reinforced and objectives are shared throughout the organization.

17. *One UNOPS within one United Nations.* The UNOPS Executive Office and senior management team are becoming increasingly more cohesive and are sharing responsibility for achieving organizational objectives in ways that did not exist in prior years. Competitiveness within work groups is no longer tolerated, and the headquarters and regional offices are on the path to full integration. The new leadership has arrived, the mandate is clear, the objectives have been set and the management team has been formed. The tasks are far-reaching in scope and the resources are scarce, but the improvements set in the blueprint above and the recommendations made by the Board of Auditors in its report are achievable in the near term and maintainable for the longer term.

III. Responses of the United Nations Office for Project Services to the main recommendations of the Board of Auditors

18. The Board of Auditors provided 33 main recommendations in paragraph 10 of its report,[1] while the report contains specific responses to all of those recommendations, supplementary responses to the broader strategic recommendations that the UNOPS senior management is addressing as its highest priority are set out below. These recommendations include those contained in paragraph 10 (a), (b), (c), (k), (n), (o), (t), (aa) and (dd).

19. The main recommendations and the comments of UNOPS are outlined below.

Supplement its strategic review action plan by formulating and implementing a long-term operational and financial recovery plan

20. UNOPS agrees enthusiastically with this recommendation and has taken steps to guarantee that the corporate strategy ensures that financial recovery becomes a reality and that the organization maintains a clear mandate to operate as a healthy, financially sound and going concern. The UNOPS mission to provide service to its clients is indeed a noble one, and it is the responsibility of the UNOPS management

to ensure that proper execution of this mission is never threatened owing to financial difficulties, both current and unforeseen, that need to be accounted for in an operational reserve. As stated in paragraphs 8-17 above, the efforts of UNOPS are noted in its commitment to ensure that internal controls are in place, that a new professional finance team is on board and that sound financial management processes are being implemented across the organization. The financial plan is being reassessed to ensure that it is realistic and that it clearly highlights the financial aspects that align with the strategic plan for the organization.

Take steps to fund its operational reserve to the specified level in a timely manner

21. UNOPS recognizes the importance of maintaining an adequate operational reserve. During the interim period 2006 (unaudited), UNOPS produced a contribution of $8.9 million to the existing reserve, bringing it to $13.2 million at the close of 2006. This is significantly below the mandated level of 4 per cent of a rolling, three-year average delivery, which is approximately $30 million at current delivery levels. UNOPS recognizes the need to replenish the reserve to mandated levels and plans to do so within three years (by the close of 2009), at which point the targeted reserve will rise, owing to the likely growth of delivery totals. While UNOPS could potentially replenish the reserve at a faster rate, it is strategically and fundamentally more important for the organization to make necessary investments in infrastructure in the short run so as to be able to maintain financial stability for the long run. Those investments in infrastructure are identified in paragraphs 8-17 above.

Improve its financial statement preparation process and submit certified financial statements for audit in a timely manner

22. UNOPS agrees that this is a very high priority. The organization's financial and accounting systems are being re-evaluated, and business process improvements are being implemented. During 2008, UNOPS management anticipates clean quarterly closes and timely financial reporting so that the organization's leadership can monitor the financial position on a close to real-time basis. Cost recovery, in accordance with the pricing policy strategy, will be re-evaluated semi-annually to ensure that UNOPS is pricing its projects adequately to cover costs and contribute to the operational reserve. The benefits of UNOPS system improvements will enable the Office of Finance to submit timely, accurate and reliable financial reports to the Board of Auditors, resulting in more efficient, productive audits in the future.

Review processes regarding the imprest accounts

23. This is the highest priority of the UNOPS Office of Finance for 2007. As noted in paragraph 13 above, the desired outcome is that 80 per cent of UNOPS imprest accounts be eliminated and that the accounting staff make optimal use of Atlas at regional and country offices. The UNOPS Executive Office and regional senior management are working with the Office of Finance and the Organizational Effectiveness Centre to ensure a successful transition. UNOPS is working concertedly towards this objective and has dedicated the resources necessary to ensure that the process is completed successfully and in a timely fashion. The goal is an 80 per cent reduction of imprest accounts by the close of 2007, a goal which is far-reaching, but nonetheless extremely important.

Reassess the recoverability of the UNDP debt of $9.9 million; assess the adequacy of the $5 million provision for write-off; and ensure that all inter-fund reconciliations are performed regularly

24. UNOPS is pleased that the inter-fund balance has been reduced to $9.9 million, given the previous scale of the unreconciled fund. While UNOPS has invested significantly in the reconciliations up to this point, it acknowledges that the inter-fund, going forward, must be reconciled frequently with UNDP. This is a team effort and one that UNOPS willingly undertakes in 2007. However, the UNOPS management believes that further investment in reconciling the prior year balance of $9.9 million would prove to be unwarranted, as the cost of further efforts would be prohibitive and not likely to produce additional positive results. Therefore, UNOPS will work closely with UNDP to settle the $9.9 million well before the close of 2007. UNOPS is also encouraged by paragraph 5 of Executive Board decision 2007/27, in which the Board requested UNDP and UNOPS to give priority to the reconciliation of outstanding issues in the UNDP/UNOPS inter-fund account.

25. Regarding the adequacy of the $5 million provision, UNOPS is confident that that figure is reliable, as it reflects a reasonable pro rata share of the portion of the inter-fund that UNOPS and UNDP had previously reconciled to bring the total down to the current $9.9 million. UNOPS intends to work amicably and productively with UNDP to settle the amount as a matter of the highest priority.

Evaluate the basis and calculation of the cost of services, with a view to ensuring that all costs are identified and recovered, implement a system that addresses shortcomings identified in the existing workload system and consider the feasibility of using a fixed minimum margin to be able to control fluctuations in cost recovery rates, while ensuring that UNOPS remains cost effective

26. All the facets of this recommendation are being considered carefully, and an implementation plan is under way. A draft pricing policy and a realistic, detailed financial budget have been produced. Implementation of the final pricing policy is almost complete for the biennium beginning 1 January 2008. It will also be used as a tool to understand and shape the pricing strategy as fluctuations in the business base may dictate. UNOPS will be proactive in adjusting the cost recovery strategy by carefully anticipating business trends, monitoring actual results in a timely fashion, and making the appropriate adjustments.

Implement controls over project budgets to ensure that proper monthly reviews of project budgets and expenditures are implemented

27. UNOPS agrees wholeheartedly with this recommendation, which is essential to its success as a project management organization. Unfortunately, historically untimely reporting owing to delay factors (such as imprest accounting, unreliable data and inefficient business processes) has adversely affected the ability of UNOPS to manage expenditures versus budgets in a proactive manner. Thus, the system improvements noted in paragraphs 1 through 3 above are being implemented towards the end result that UNOPS project managers, senior management and all end-users of the organization's reports (clients, the Executive Office and others) receive timely, accurate reports on a monthly basis. That end result will enable UNOPS to improve its reputation with clients and ensure that projects are managed effectively and that cost overruns are eliminated completely. UNOPS expects to

achieve significant progress towards this goal during first and second quarters of 2008, subsequent to successful completion of the previously noted business process improvements.

Develop a risk-based internal audit plan to provide assurance to the organization on financial procedures, and take steps to implement the formation of an audit committee

28. As described above in paragraphs 14 and 15 above, UNOPS has created an internal audit function and is forming an external audit and advisory committee. Those two important initiatives will add an extra layer of internal control that will closely monitor UNOPS progress.

Perform regular physical asset counts to verify the existence of assets and the completeness and accuracy of the asset records and obtain confirmation from the storage company of all inventory items kept in storage

29. The UNOPS Offices of Finance and Organizational Effectiveness are working on this objective, as a matter of priority, as part of the broader initiative to re-evaluate internal processes and update accordingly. Physical inventory processes have been under way throughout UNOPS, and an asset management policy is being spearheaded by a dedicated committee. In conjunction with the implementation of the International Public Sector Accounting Standards, this recommendation is a matter of priority and one which will provide greater assurances that UNOPS has control of its physical assets and those of its clients.

IV. Conclusion

30. UNOPS is pleased to have the opportunity to provide a response to the Board of Auditors report for the biennium ended 31 December 2005. UNOPS looks forward to working closely with its Office of Internal Audit, the audit and advisory committee that will soon be formed, the Board of Auditors and all staff of UNOPS to ensure that the objectives and recommendations are addressed and that a successful outcome is achieved.

Annex

Implementation of the recommendations of the Board of Auditors on the financial statements of the United Nations Office for Project Services for the financial period ended 31 December 2005[a]

Responsibilities and time frames

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
Going concern and level of operational reserve			
UNOPS agreed with the Board's recommendation that it supplement its strategic review action plan by formulating and implementing a long-term operational and financial recovery plan.			
35	In progress: This represents revision of pricing policy, internal control framework and numerous new policy updates	Incremental through 30 June 2008	Director of the Organizational Effectiveness Centre, Director of the Global Services Centre, Director of Finance, Head of Audit
UNOPS agreed with the Board's recommendation that it take steps to fund its operational reserve to the specified level in a timely manner.			
40	In progress: This requires $10 million-$15 million annual replenishment to reserve at current rate	Goal is for reserve to be at specified level by 31 December 2009	Executive Director, Deputy Executive Director, Director of Finance
Presentation and disclosure of financial statements			
UNOPS agreed with the Board's reiterated recommendation that it improve its financial statements preparation process and submit certified financial statements for audit in a timely manner.			
45	In progress: Improvements under way with all new finance team and placement of regional financial officers in the regions	31 December 2007	Deputy Executive Director, Director of Finance, Comptroller, regional finance officers
UNOPS agreed with the Board's reiterated recommendation that it fully reconcile and clear all suspense accounts in a timely manner.			
48	In progress: This mainly includes the payroll suspense account which is now being reconciled on a monthly basis	Done monthly on a current basis.	Comptroller, Accounting Manager

[a] *Official Records of the General Assembly, Sixty-first Session, Supplement No. 5J* (A/61/5/Add.10), chap. II.

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
Accounts payable			
UNOPS agreed with the Board's recommendation to conduct ongoing reviews of its accounts payable balances.			
50	In progress: Now done semi-annually	Semi-annually in 2007; quarterly starting in 2008	Comptroller, regional finance officers
UNOPS agreed with the Board's recommendation that it reconcile the Global Payroll Services charges in a timely manner.			
52	In progress: Reconciliation is being done in coordination with UNDP/Benefits and Entitlements Services (global payroll) and UNDP New York	Quarterly	Comptrollers' Offices — UNOPS Copenhagen and UNDP/Benefits and Entitlements Services and New York.
UNOPS agreed with the Board's recommendation that it analyse and reconcile account 21005.			
55	In progress: Those items of receivables are being analysed to assess recoverability	Annually in 2007; quarterly starting 2008	Comptroller
UNOPS agreed with the Board's recommendation that it analyse and allocate the debit balances to the correct accounts and disclose the prior period adjustment.			
59	In progress: This relates to MIP contributions and insurance expenses under appendix D to be identified and charged to projects	Annual closing for 31 December 2007	Comptroller
Accounts receivable			
UNOPS agreed with the Board's recommendation that it review the recoverability of long outstanding debtor balances.			
62	In progress: The outstanding items are being reviewed to assess recoverability	Annual closing for 31 December 2007	Comptroller
UNOPS agreed with the Board's recommendation that it implement effective measures to collect all funds due to it and assess recoverability of outstanding balances.			
67	In progress: Currently executed with the assistance of a dedicated staff person as these are amounts due from United Nations New York and staff members	Current	Comptroller, a dedicated staff member and the Human Resources Director
UNOPS agreed with the Board's recommendation that it implement controls to ensure that there are supporting documents for amounts disclosed in the annual financial statements.			
69	In progress: UNOPS continues in its efforts to obtain remaining supporting documents on emergency advances so as to analyse and enable appropriate adjustments	Implemented	Comptroller and regional finance officers

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
UNOPS agreed with the Board's recommendation that credit balances on advance accounts be accounted for as a payable.			
71	In progress: Advances recoverable locally and funds received for projects to be properly identified and appropriate adjustments made	Implemented	Comptroller and regional finance officers
Bank accounts and cash			
UNOPS agreed with the Board's recommendation that it ensure that bank reconciliations are performed on a monthly basis.			
74	In progress: UNOPS to follow up on receipt of bank reconciliation from UNDP Treasury	Implemented	UNDP and UNOPS Comptroller
Imprest accounts			
UNOPS agreed with the Board's reiterated recommendation to reconcile the imprest accounts regularly.			
77	In progress: Integral part of the comprehensive imprest transition under way in 2007-2008	Ad hoc and annual for year 2007; regular reconciliations by 30 June 2008	Comptroller in 2007; regional finance officers in 2008
UNOPS agreed with the Board's reiterated recommendation that it review its processes regarding the imprest accounts.			
80	In progress: Now as part of the comprehensive imprest transition	New processes in place by 31 December 2007	Comptroller and regional finance officers
UNOPS agreed with the Board's recommendation that it review the cut-off procedures for bank accounts so that all transactions relating to current financial periods are accounted.			
84	Not started	Cut-off procedures will be synchronized by 31 December 2007 for the annual close	Comptroller
UNOPS agreed with the Board's recommendation that it adjust the general ledger imprest cash accounts for stale cheques.			
86	Not started	To be implemented by December 2007	Comptroller

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
UNOPS agreed with the Board's reiterated recommendation that it implement measures to ensure a reconciliation of the balances at the fund level.			
89	Not started: Imprest account reconciliation at fund level may not be of any benefit	Decision to be made by 31 December 2007	Comptroller
UNOPS agreed with the Board's recommendation that it regularly update the list of signatories on the bank accounts.			
92	In progress: List updating currently being implemented regularly	Current	Director of Finance, Comptroller, regional finance officers
Interfund balances			
The Board recommends that UNOPS (a) reassess the recoverability of the UNDP debt of $9.9 million; (b) assess the adequacy of the $5 million provision raised for write-off; and (c) ensure that all inter-fund reconciliations are performed regularly.			
95	In progress: Currently meeting and discussing with UNDP	Current; urgent	Deputy Executive Director, Director of Finance, Comptroller working with UNDP Comptroller
Project and other sources of income			
UNOPS agreed with the Board's reiterated recommendation that it (a) evaluate the basis and calculation of the cost of services, with a view to ensuring that all costs are identified and recovered; (b) implement a system that addresses all shortcomings identified in the existing workload system; and (c) consider the feasibility of using a fixed minimum margin to be able to better control fluctuations in cost recovery rates, while ensuring that UNOPS remains cost-effective.			
101	In progress: Revised pricing policy currently under senior management review	To be implemented by 15 October 2007	Director of Finance, regional directors, Executive Director, Deputy Executive Director
Unliquidated obligations			
UNOPS agreed with the Board's recommendation to expedite the data clean-up exercise and constantly monitor open purchase orders to ensure that they are reconciled and cleared in a timely manner.			
103	In progress: Monitoring and adjustments continue	Currently being done	Comptroller
UNOPS agreed with the Board's reiterated recommendation that it (a) conduct more regular reviews of all unliquidated obligations and (b) ensure that project officers raise only valid obligations.			
106	In progress: All unliquidated obligations are being closely scrutinized for 2007 year-end closing	31 December 2007	Executive Director, Deputy Executive Director, Director of Finance, Comptroller

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
UNOPS agreed with the Board's reiterated recommendation that it ensure that there is a reconciliation of prior-year unliquidated obligations.			
109	In progress: Of the difference in the amount of $4.5 million in unliquidated obligations for 2003 and the detailed list converted in year 2004, the amount of $0.9 million remains to be identified and adjusted	To be implemented by 31 December 2007	Director of Finance, Comptroller
End of service post-retirement benefits and annual leave			
UNOPS agreed with the Board's reiterated recommendation that it expedite its consideration of the funding of end-of-service liabilities.			
111	In progress: This relates to the accrual of after-service health insurance and annual leave for prior years, of which $14.2 million was already accrued at the end of 2005 with additional accruals of $5.9 million in 2006; accruals will have to be made for the remainder of $19.5 million	Additional accruals will be made prior to the close for the period ended 31 December 2007; under UNOPS current funding arrangements, the liability should be recognized in full by 2020	Director of Finance, Comptroller
Programme and project management			
UNOPS agreed with the Board's reiterated recommendation that it implement controls over project budgets to ensure that proper monthly reviews of project budgets and expenditure are performed.			
120	Implemented: Daily update of performance data (budget and expenditure) are available to all via the BRIO expenditure reports and reports via the finance dashboard available on the UNOPS Intranet	Current	Regional finance officers, Deputy Executive Director, Executive Director, Comptroller
UNOPS agreed with the Board's recommendation that it address cost monitoring on its projects.			
123	In progress: Regional finance officers are in place and are monitoring ongoing project costs	Current	Regional finance officers, regional directors
UNOPS agreed with the Board's reiterated recommendation that it obtain formal authorizations for budget increases on a timely basis.			
125	In progress: There is a formal process for budget increases in the mid-year and year-end budget and forecast processes	Current	Regional directors, Director of Finance, Executive Director, Deputy Executive Director

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
UNOPS agreed with the Board's reiterated recommendation that it secure authorizations for excess project expenditures and revise budgets in a timely manner.			
130	In progress: Clean-up of prior project overruns is being addressed simultaneously with authorizations of project budget revisions for existing projects	Current	Head of Audit, regional directors, Director of Finance
Administrative expenditure			
UNOPS agreed with the Board's reiterated recommendation that it review and certify monthly payroll reconciliations.			
134	In progress: Same as recommendation for paragraph 52	31 March 2008	UNDP/Benefits and Entitlements Services and UNOPS Comptroller
UNOPS agreed with the Board's recommendation that it improve the controls around the capturing of administrative expenditure.			
139	In progress: Regularly scrutinized now that regional finance officers are in place	Current	Comptroller and regional finance officers
UNOPS agreed with the Board's recommendation that it implement procedures to improve filing and access to records.			
141	Completed: Original documents are secured in office of source of transaction; that is Copenhagen headquarters and regional offices	Implemented	Comptroller, regional finance officers
Procurement, contract management and leases			
In view of the aforegoing procurement-related observations, the Board recommends that UNOPS take appropriate measures to address them.			
145	In progress	31 December 2007	Chief Procurement Officer, Deputy Executive Director, Director Global Services Centre, Headquarters Contracts and Property Committee
Internal oversight			
UNOPS agreed with the Board's reiterated recommendation that it develop a risk-based internal audit plan to provide assurance to the organization on financial procedures. In addition, UNOPS agreed with the Board's recommendation that it take steps to implement the formation of an audit committee.			
149	In progress	31 October 2007	Internal Audit Plan (Head of Audit); Audit and Advisory Committee (Executive Director, Deputy Executive Director, General Counsel, Director of Finance)

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
Human resource management			
UNOPS agreed with the Board's recommendation that it update the IMIS leave records to reflect accurate information and that it implement appropriate control measures for recording leave.			
154	In progress	Current	UNDP/Benefits and Entitlements Services, Comptroller
UNOPS agreed with the Board's recommendation that it prioritize the filling of key vacant posts.			
157	In progress: Successful recruiting is taking place on ongoing basis	Current	Recruitment, hiring managers, Executive Director, Deputy Executive Director
UNOPS agreed with the Board's recommendation that it compile and implement a formally structured training and development plan.			
160	In progress	31 March 2008	Director, Organizational Effectiveness Centre
Asset management			
UNOPS agreed with the Board's reiterated recommendation that it (a) update inventory records for all decentralized offices and reconcile all movements with the appropriate additions and disposals; (b) ensure that valid, accurate and complete opening balances are included in the Atlas system; and (c) provide all documentation regarding the reclassification of assets.			
169	In progress: In conjunction with the evolving requirements of the International Public Sector Accounting Standards, to be determined	30 June 2008	Comptroller, regional directors
UNOPS agreed with the Board's recommendation to review purchase documentation to ensure that assets were recorded in the asset register.			
176	In progress: In conjunction with the evolving requirements of the International Public Sector Accounting Standards, to be determined	30 June 2008	Comptroller, regional directors, regional finance officers
UNOPS agreed with the Board's reiterated recommendation that it perform regular physical asset counts to verify the existence of assets and the completeness and accuracy of the asset records. UNOPS also agreed with the Board's recommendation that it obtain confirmation from the storage company of all inventory items kept in storage.			
183	In progress: Completing in conjunction with the evolving requirements of the International Public Sector Accounting Standards, to be determined	30 June 2008	Comptroller, regional directors, regional finance officers

Paragraph number	*Status of implementation*	*Target date for implementation*	*Responsibility*
UNOPS Asia-Pacific Regional Office agreed with the Board's recommendation that, in consultation with UNOPS headquarters, it identify, dispose and write off all non-expendable equipment assessed to be redundant or obsolete, in order to ensure a fairer presentation of the non-expendable balances disclosed in the financial statements. UNOPS agreed with the Board's recommendation that steps be taken to avoid any fruitless expenditure in photocopier rentals.			
186	In progress	To be cleared up as part of the annual closing process at 31 December 2007	Comptroller, regional directors, regional finance officers
Information, communication and technology			
UNOPS agreed with the Board's reiterated recommendation that it (a) develop a detailed information and communications technology strategic plan and (b) consider the benefits of adopting international standards and best practices to be applied to its information and communications technology environment.			
195	In progress	Current	Director, Global Services Centre
UNOPS agreed with the Board's recommendation that, through its memorandum of understanding with UNDP, UNOPS be involved in the development and finalization of the mitigation plan and the action plans to address all risks highlighted in the BearingPoint Report.			
199	In progress	Ongoing	UNDP/UNOPS Chief Information Officers